

**DICKSON COUNTY MUNICIPAL
AIRPORT AUTHORITY**

Financial Statements

For the Years Ended June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Directory of Board Members

<u>Member</u>	<u>Appointed By</u>
Dennis Kent, Chairman	City
Booty Reed	County
Beth Fiala	County
Craig Fuson	County
Robby Harmon	City

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

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YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

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GREGORY V. HOWELL

INDEPENDENT AUDITORS' REPORT

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Board Members of the
Dickson County Municipal Airport Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Dickson County Municipal Airport Authority (the Authority), a component unit of Dickson County, Tennessee, as of and for the year ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority, as of June 30, 2017 and 2016, and the changes in net position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

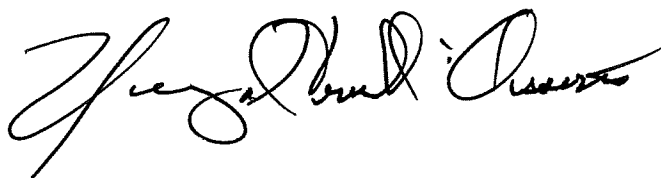
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The information on the accompanying schedules on page 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



November 17, 2017

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY
Management Discussion & Analysis

Financial Highlights

Key Highlights for the year ended June 30, 2017 are as follows,:

The authority's net position increased by \$167,908 as compared to a decrease of \$390,210 in 2016.

At the end of the current year the authority reported total net position of \$6,281,613 comprised of amounts invested in capital assets of \$6,022,690 and unrestricted net position of \$258,923.

At the end of the current year, the authority reported current assets in excess of current liabilities of \$258,458 as compared to \$286,440 in 2016.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements. The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statement of Revenues, Expenses, and Changes in Fund Net Position present information showing how the Authority's net position has changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The final required statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payment during the year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations and capital financing and investing activities.

The financial statements can be found on pages 8-10 of this report.

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided within the financial statements. The notes to the financial statements can be found on pages 11-15 of this report.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Management Discussion & Analysis

Financial Analysis

For the year ended June 30, 2017, assets exceeded liabilities by \$6,281,613. The Airport Authority is a capital intensive enterprise, with 95% of the net position invested in capital assets. The following is a summary of the Airport Authority's net position.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets			
Current Assets	\$ 667,738	\$ 309,901	\$ 426,006
Capital Assets	6,022,690	5,826,800	6,151,292
Other Assets	465	465	465
Total Assets	<u>6,690,893</u>	<u>6,137,166</u>	<u>6,577,763</u>
Liabilities			
Current Liabilities	<u>409,280</u>	<u>23,461</u>	<u>73,848</u>
Net Position			
Investment In capital assets	6,022,690	5,826,800	6,151,292
Unrestricted	<u>258,923</u>	<u>286,905</u>	<u>352,623</u>
Total Net Position	<u>\$ 6,281,613</u>	<u>\$ 6,113,705</u>	<u>\$ 6,503,915</u>

The Authority's net position increased by \$167,908 in 2017. The following is a summary Statement of Revenues, Expenses, and Changes in Fund Net Position.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating revenues	\$ 269,761	\$ 264,311	\$ 294,355
Operating expenses	<u>714,747</u>	<u>689,943</u>	<u>706,015</u>
Operating loss	(444,986)	(425,632)	(411,660)
Non operating revenue	85,587	6,152	63,495
Capital Contributions	<u>527,307</u>	<u>29,270</u>	<u>75,703</u>
Change in net position	<u>\$ 167,908</u>	<u>\$ (390,210)</u>	<u>\$ (272,462)</u>

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY
Management Discussion & Analysis

Revenues

Hangar and non hangar rentals essentially remained the same as in the 2016. Fuel and oil : decreased approximately 1% during 2017 compared to 2016. Aircraft rentals increased significantly during the current year compared to the prior year.

Grant revenues from the Tennessee Department of Transportation vary from year to year c largely upon capital project activity for each year.

The following is a summary of operating, grant and other revenues.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Hangar rentals	\$ 95,410	\$ 96,977	\$ 98,443
Fuel and oil sales	142,942	145,566	171,299
Aircraft rentals	9,704	1,248	3,317
Non hangar rentals	21,705	20,520	21,296
	<hr/>	<hr/>	<hr/>
Total Revenues	<u>\$ 269,761</u>	<u>\$ 264,311</u>	<u>\$ 294,355</u>

Expenses

Operating expenses increased approximately 3% in 2017 compared to the prior year. Expense fuel and oil costs, engineering, wages and benefits, maintenance, and aircraft rental costs over the prior year. The remaining operating costs have essentially been the same as in pri

The following is a summary of operating expenses:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Advertising	\$ 8,703	\$ 12,391	\$ 5,702
Insurance	16,890	17,754	14,960
Engineering	34,494	30,811	18,920
Wages and benefits	98,764	92,911	87,147
Fuel and oil costs	109,120	104,701	150,250
Aircraft rental expense	15,060	5,349	7,945
Legal & Professional	13,914	13,559	16,453
Maintenance	49,090	39,578	32,429
Utilities	20,957	22,087	20,613
Other operating expenses	17,787	20,071	23,118
Depreciation	329,968	330,731	328,478
	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 714,747</u>	<u>\$ 689,943</u>	<u>\$ 706,015</u>

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY
Management Discussion & Analysis

Cash Flows

Cash decreased \$65,880 in 2017 from that of the prior year. This decrease was primarily due to increases in operating costs associated with the Authority's operations.

The following is a summary of the Airport Authority's cash flows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash flows provided by (used In)			
Operating Activities	\$ (97,268)	\$ (153,072)	\$ (7,793)
Cash flows provided by Used in)			
capital and related financing			
activities	(30,412)	22,772	(105,380)
Cash flows provided by Used in)			
noncapital and related financing			
activities	61,800	68,376	62,489
Change in Cash	<u>\$ (65,880)</u>	<u>\$ (61,924)</u>	<u>\$ (50,684)</u>

Capital Assets

The Airport Authority's investment in capital assets as of June 30, 2017 amounted to \$6,022,690 net of accumulated depreciation. Capital Assets consist of land, runways and taxiways, buildings and building improvements, and airport operating equipment. Investment in capital assets increased by \$195,890 for the year. Depreciation was recorded in the amount of \$329,968 for the year.

The following is a summary of investment in capital:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Non depreciable assets:			
Land	\$ 1,679,600	\$ 1,679,600	\$1,679,600
Construction in progress	539,847	19,280	63,029
Depreciable assets:			
Improvements	6,059,955	6,059,955	6,059,955
Terminal	333,862	333,862	333,862
Hangars	1,412,291	1,412,291	1,412,291
Equipment and other	<u>359,278</u>	<u>395,736</u>	<u>345,749</u>
Total Property & equipment	10,384,833	9,900,724	9,894,486
Accumulated depreciation	<u>4,362,143</u>	<u>4,073,924</u>	<u>3,743,194</u>
Property and equipment -net	<u>\$ 6,022,690</u>	<u>\$ 5,826,800</u>	<u>\$6,151,292</u>

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY
Management Discussion & Analysis

Economic Factors and Future Outlook

The Authority expects operations of 2018 to be similar to those of 2017. The Authority currently is constructing a large storage hangar for the housing of transient and resident aircraft. The estimated budget for the structure and related site improvements approximates \$1,500,000, with the majority of the funds being provided by the state and federal governments.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Statement of Net Position

June 30, 2017 and 2016

Assets

	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash-unrestricted	\$ 125,179	191,059
Accounts receivable:		
Accounts receivable	19,010	9,927
Less allowance for doubtful accounts	(4,590)	(2,704)
Receivable from State Department of Transportation	442,546	14,300
Prepaid expenses	71,984	69,962
Fuel inventory	13,609	27,357
Total current assets	<u>667,738</u>	<u>309,901</u>
Capital Assets:		
Non depreciable assets	2,219,447	1,698,880
Depreciable plant in service	8,165,386	8,201,845
Accumulated depreciation	(4,362,143)	(4,073,925)
Total utility plant, net of depreciation	<u>6,022,690</u>	<u>5,826,800</u>
Other Assets:		
Utility deposits	465	465
Total other assets	<u>465</u>	<u>465</u>
Total assets	<u>\$ 6,690,893</u>	<u>6,137,166</u>

Liabilities and Net Position

Current Liabilities:		
Accounts payable	\$ 385,220	17,143
Accrued expenses	3,874	3,956
Prepaid rents and deposits	20,186	2,362
Total current liabilities	<u>409,280</u>	<u>23,461</u>
Net Position:		
Investment in capital assets	6,022,690	5,826,800
Unrestricted	258,923	286,905
Total Net Position	<u>\$ 6,281,613</u>	<u>6,113,705</u>

See accompanying notes to the financial statements.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Statements of Revenues, Expenses, and Changes in Fund Net Position

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for services:		
Hangar rentals	\$ 95,410	96,977
Fuel and oil sales	142,942	145,566
Aircraft rentals	9,704	1,248
Other operating revenues	21,705	20,520
Total operating revenues	<u>269,761</u>	<u>264,311</u>
Operating Expenses		
Salaries	91,563	85,955
Payroll taxes	7,201	6,956
Advertising	8,703	12,391
Insurance	16,890	17,754
Legal and professional	13,914	13,559
Maintenance	49,090	39,578
Engineering fees	34,494	30,811
Fuel and oil costs	109,120	104,701
Rental aircraft costs	15,060	5,349
Telephone	3,380	3,155
Utilities	20,957	22,087
Other	14,407	16,916
Depreciation expense	329,968	330,731
Total operating expenses	<u>714,747</u>	<u>689,943</u>
Net operating revenue (loss)	<u>(444,986)</u>	<u>(425,632)</u>
Nonoperating Revenues (Expenses)		
Operating grant	14,300	14,181
Operating grant related expenses:		
Engineering fees	-	(63,029)
Contributions - other governments	55,000	55,000
Gain on sale of capital assets	16,287	-
Total nonoperating revenues (expenses)	<u>85,587</u>	<u>6,152</u>
Income before contributions	(359,399)	(419,480)
Contributions:		
Capital grants	527,307	29,270
Total contributions	<u>527,307</u>	<u>29,270</u>
Change in net position	167,908	(390,210)
Net Position, Beginning of Year	<u>6,113,705</u>	<u>6,503,915</u>
Net Position, End of Year	<u>\$ 6,281,613</u>	<u>6,113,705</u>

See accompanying notes to the financial statements.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Statements of Cash Flows

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 287,888	265,953
Cash paid to employees	(91,563)	(85,955)
Cash paid to suppliers of goods and services	(293,593)	(333,070)
Net cash provided (used) by operating activities	<u>(97,268)</u>	<u>(153,072)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of property, plant and equipment	(148,252)	(69,268)
Proceeds from state and federal capital grants	99,061	89,148
Proceeds from sales of assets	20,000	-
(Increase) decrease in prepaid local share	(1,221)	2,892
Net cash provided (used) by capital and related financing activities	<u>(30,412)</u>	<u>22,772</u>
Cash Flows from Noncapital Financing Activities:		
Contributions for other governments	47,500	55,000
Proceeds from operating grant	14,300	13,376
Net cash provided (used) by non-capital and related financing activities	<u>61,800</u>	<u>68,376</u>
Net increase (decrease) in cash	(65,880)	(61,924)
Cash and Restricted Cash, Beginning of Year	<u>191,059</u>	<u>252,983</u>
Cash and Restricted Cash, End of Year	\$ <u><u>125,179</u></u>	<u><u>191,059</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operations</u>		
Net Operating Revenue (Loss)	\$ (444,986)	(425,632)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization	329,968	330,731
(Increase) decrease in current assets:		
Accounts and Notes Receivable	302	2,123
Fuel inventory	13,748	(7,416)
Prepaid expenses	(801)	(2,492)
Increase (decrease) in current liabilities:		
Accounts payable	(13,242)	(49,866)
Accrued expenses	17,743	(520)
Net cash provided (used) by operating activities	\$ <u><u>(97,268)</u></u>	<u><u>(153,072)</u></u>

See accompanying notes to the financial statements.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements

June 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Dickson County Municipal Airport Authority of Dickson, Tennessee was incorporated pursuant to the provisions of Tennessee Code Annotated (TCA) 42-3-103. TCA 42-3-103 provides for the appointment of five Commissioners for a term of five years. One of the Commissioners shall be a member of the City of Dickson City Council and one member shall be a member of the Dickson County Commission with the remaining three Commissioners being residents of Dickson County, TN. Under criteria established by the Governmental Accounting Standards Board, the Authority is considered a component unit of Dickson County Tennessee because of the significance of their operational or financial relationships with the county. The Dickson County Commission appoints a majority of the governing body of the Authority and the County has historically provided annual operating subsidies the Authority. Accordingly, the accompanying financial statements are included in the basic financial statements of the County.

Measurement Focus, Basis of Accounting and Basis of Presentation

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

Current accounting and reporting standards for external financial reporting for all state and local governmental entities require a management's discussion and analysis section, a statement of net position, a statement of revenue, expenses, and changes in fund net position and a statement of cash flows when applicable. It further requires the classification of net position into three components - invested in capital assets, net of related debt; restricted; and unrestricted.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for hangar rentals and fuel sales. Operating expenses for the Authority include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits, savings accounts and certificates of deposit with maturity dates of three months or less from date of purchase.

Fuel Inventory

Inventory of aircraft fuel is stated at the lower of cost or market as determined under the first-in first-out method.

Capital Assets

Capital assets of the Authority are recorded at historical cost or estimated historical cost. Gifts or contributions of capital assets, including intangible assets, are recorded at acquisition value when received. Depreciation is computed over the estimated lives of the assets utilizing the straight-line method. The estimated lives are as follows:

<u>Category</u>	<u>Estimated Life</u>
Land	N/A
Hangars	7 - 31.5 Years
Improvements	7 - 25 Years
Fencing	10 - 15 Years
Terminal	40 Years

Equity Classification

Equity is classified as net position and displayed in three components, if applicable:

- a. Investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints, primarily for debt service and capital purchases.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "invested in capital assets."

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements, Continued

2. CASH AND CASH EQUIVALENTS

Deposits

The Authority is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During the years 2017 and 2016, the Authority used a demand checking account.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority's policy and state statutes require that deposits be either (i) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance or (ii) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. At June 30, 2017 there were no deposits exposed to custodial risks.

3. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017 is as follows:

	Balance 6-30-16	Additions	Retirements Transfers	Balance 6-30-17
Non depreciable assets:				
Land	\$ 1,679,600	-	-	1,679,600
Construction in process	19,280	520,567	-	539,847
	<u>1,698,880</u>	<u>520,567</u>	<u>-</u>	<u>2,219,447</u>
Depreciable assets:				
Improvements	6,059,955	-	-	6,059,955
Terminal	333,862	-	-	333,862
Hangers	1,412,291	-	-	1,412,291
Equipment and other	395,736	9,004	(45,462)	359,278
	<u>8,201,844</u>	<u>9,004</u>	<u>(45,462)</u>	<u>8,165,386</u>
Less accumulated depreciation:				
Improvements	3,167,225	231,360	-	3,398,585
Terminal	130,007	8,911	-	138,918
Hangers	493,506	56,498	-	550,004
Equipment and other	283,186	33,200	(41,750)	274,636
	<u>4,073,924</u>	<u>329,969</u>	<u>(41,750)</u>	<u>4,362,143</u>
Depreciable capital assets- net	<u>4,127,920</u>			<u>3,803,243</u>
Total capital assets, net	\$ <u>5,826,800</u>			<u>6,022,690</u>

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements, Continued

3. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for the year ended June 30, 2016 is as follows:

	Balance <u>6-30-15</u>	<u>Additions</u>	Retirements <u>Transfers</u>	Balance <u>6-30-16</u>
Non depreciable assets:				
Land	\$ 1,679,600	-	-	1,679,600
Construction in Process	<u>63,029</u>	<u>19,280</u>	<u>(63,029)</u>	<u>19,280</u>
	<u>1,742,629</u>	<u>19,280</u>	<u>(63,029)</u>	<u>1,698,880</u>
Depreciable assets:				
Improvements	6,059,955	-	-	6,059,955
Terminal	333,862	-	-	333,862
Hangers	1,412,291	-	-	1,412,291
Equipment and other	<u>345,749</u>	<u>49,987</u>	<u>-</u>	<u>395,736</u>
	<u>8,151,857</u>	<u>49,987</u>	<u>-</u>	<u>8,201,844</u>
Less accumulated depreciation:				
Improvements	2,934,199	233,027	-	3,167,225
Terminal	121,096	8,911	-	130,007
Hangers	437,008	56,498	-	493,506
Equipment and other	<u>250,891</u>	<u>32,295</u>	<u>-</u>	<u>283,186</u>
	<u>3,743,194</u>	<u>330,731</u>	<u>-</u>	<u>4,073,924</u>
Depreciable capital assets- net	<u>4,408,664</u>			<u>4,127,920</u>
Total capital assets, net	\$ <u>6,151,292</u>			<u>5,826,800</u>

Depreciation expense was \$329,969 and \$330,731 for the years ended June 30, 2017 and 2016, respectively.

4. COMMITMENTS AND CONTINGENCIES

Litigation

The Authority is not involved in any litigation which would have a material effect on the financial statements of the District.

5. RISK MANAGEMENT

The Authority is exposed to various risks to general liability and property and casualty losses. The Authority's policy is to carry commercial insurance for these and other risks of loss. Settled claims for losses have not exceeded commercial insurance coverage in any of the past three years.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements, Continued

6. OPERATING GRANTS

The airport receives grant monies annually from the Tennessee Department of Transportation which are intended to cover certain operating costs of the airport. Accordingly, the grants are accounted for as operating grants in the accompanying financial statements.

7. CONTRACTUAL COMMITMENT

As of June 30, 2017, the Authority was obligated under construction and engineering contracts for various projects in the approximate amounts of \$761,000.

SUPPLEMENTAL SCHEDULE

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Schedule of Federal and State Financial Assistance

For the Year Ended June 30, 2017

<u>CFDA No.</u>	<u>Contract #</u>	<u>Grantor Agency</u>	<u>(Receivable) * Deferred June 30, 2016</u>	<u>Adjustments</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>(Receivable) Deferred June 30, 2017</u>
FEDERAL AWARDS:							
20.216	Proj. #22-555-0147-04	Tennessee Department of Transportation	\$ -	-	43,449	(425,183)	(381,734)
STATE AWARDS:							
N/A	Proj. #22-555-0750-17	Tennessee Department of Transportation	\$ -	-	32,769	(32,769)	-
N/A	Proj. #22-555-0748-04	Tennessee Department of Transportation	\$ -	-	22,843	(69,355)	(46,512)
N/A	Proj. #22-555-1649-04	Tennessee Department of Transportation	\$ (14,300)	-	14,300	-	-
N/A	Proj. #22-555-0451-17	Tennessee Department of Transportation	\$ -	-	-	(14,300)	(14,300)
Total State Awards			\$ <u>(14,300)</u>	<u>-</u>	<u>69,912</u>	<u>(116,424)</u>	<u>(60,812)</u>

* Represents Federal share only, does not include local portion.

OTHER REPORTS

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Dickson County Municipal Airport Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Dickson County Municipal Airport Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Dickson County Municipal Airport Authority's basic financial statements, and have issued our report thereon dated November 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

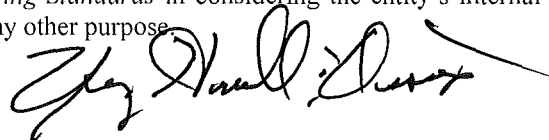
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 17, 2017



DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Schedule of Disposition of Prior Year Findings and Recommendations

For the Fiscal Year Ended June 30, 2017

Financial Statement Findings

Finding Number	Finding Title	Finding Status
None		

Schedule of Federal and State Assistance.

There were no prior year findings in the Schedule of Federal and State Assistance.